

## Message Text

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ACTION EB-11

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E. O. 11652: N/A

TAGS: ETRD, ETRN, UK

SUBJ: REPRESENTATIONS TO HMG RE ROLLS ENGINE FOR BOEING

747

REF: STATE 163824

1. AS REQUESTED REFTTEL, WE RAISED QUESTION OF ROLLS POWERED 747 ON JULY 31 WITH DAVID HUBBACK, DEPUTY SECRETARY, DEPARTMENT OF TRADE, WHOSE OVERALL RESPONSIBILITY FOR CIVIL AVIATION AND SHIPPING INCLUDES OVERSEEING THE OPERATIONS, ACTIVITIES AND EQUIPMENT DECISIONS OF BRITISH AIRWAYS. WE TOLD HIM WE WERE RAISING SUBJECT WITH HIM UNDER INSTRUCTIONS FROM DEPARTMENT AND EXPLAINED WE WERE FOLLOWING WITH CONSIDERABLE INTEREST UKG DECISION ON WHETHER IT WILL COMMIT FUNDS TO LAUNCH PRODUCTION OF RB-WQQ-524. WE SAID WE WERE ALSO WATCHING BRITISH AIRWAYS DECISION AS TO WHETHER NEW 747 ORDERS WOULD BE FOR AIRCRAFT EQUIPPED WITH NEW -524 ENGINES. IF UKG DECIDES LAUNCH PRODUCTION OF -524, WE SAID WE HOPED THIS WOULD NOT MEAN THAT BRITISH AIRWAYS WOULD BE REQUIRED TO ORDER ROLLS POWERED 747S AS A GOVERNMENT-IMPOSED CONDITION OF PURCHASE. WE

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POINTEDOUT THAT SUCH A CONDITION WOULD HAVE SERIOUS

ADVERSE EFFECT ON US AEROENGINE MANUFACTURERS NOW SUPPLYING ENGINES FOR THE 747 AND WE URGED, THEREFORE, THAT BRITISH AIRWAYS BE ALLOWED TO DECIDE ON 747 POWERPLANT ON BASIS COMMERCIAL CONSIDERATIONS AND WITHOUT UKG PRESSURE.

2. HUBBACK SAID DECISION ON WHETHER UKG WOULD PROVIDE LAUNCHING FUNDS FOR -524 ENGINE WAS UP TO DEPARTMENT OF INDUSTRY NOT DEPARTMENT OF TRADE BUT HE UNDERSTOOD DECISION WOULD DEPEND, IN FIRST INSTANCE AT LEAST, ON PROSPECTS FOR LONGER RANGE/HEAVIER VERSION OF LOCKHEED TRISTAR RATHER THAN BRITISH AIRWAYS DECISION ON 747 POWERPLANT. ON LATTER DECISION, HUBBACK ADMITTED HE NOT COMPLETELY CURRENT AS TO ITS STATUS BUT HE SAID HE COULD ASSURE US THAT AIRLINE UNDER NO PRESSURE WHATSOEVER FROM UKG AS TO WHICH ENGINE IT SHOULD CHOOSE FOR ANY NEW ORDERS OF 747. DECISION, HE MAINTAINED, WOULD BE LEFT TO BRITISH AIRWAYS ON BASIS ITS COMMERCIAL JUDGMENT BUT HE POINTED OUT THAT COMPATIBILITY OF -524 ENGINE ON NEW 747 WITH BASIC RB-211 INSTALLED ON AIRLINE'S TRISTAR FLEET MADE ROLLS POWERED 747 A VERY ATTRACTIVE PROPOSITION FROM COMMERCIAL STANDPOINT.

3. WHAT HUBBACK TOLD US IS CONSISTENT WITH REMARKS OF WARRINGTON, UNDER SECRETARY, DEPARTMENT OF INDUSTRY (LONDON 9466) AND HAS ALSO BEEN CORROBORATED BY INFORMATION WE HAVE RECEIVED FROM VARIOUS SOURCES IN BRITISH AIRWAYS. MOST RECENT INFORMATION (AUGUST 12) FROM WHEATCROFT, DEPUTY GENERAL MANAGER, BRITISH AIRWAYS WOULD INDICATE THAT AIRLINE HAS ALREADY DECIDED IN PRINCIPLE THAT IF -524 PRODUCTION IS LAUNCHED, IT WILL ORDER NEW ROLLS ENGINE INSTALLED ON ITS 747 ORDERS. ACCORDING TO WHEATCROFT, DEPARTMENT OF INDUSTRY IS STILL PONDERING DECISION ON WHETHER TO COMMIT AN ESTIMATED 45 MILLION POUNDS TO LAUNCH THE -524 INTO PRODUCTION AND WHEATCROFT BELIEVES DECISION MAY NOT BE REACHED BEFORE END OF AUGUST WHEN BOEING'S CURRENT PROPOSAL ON ROLLS POWERED 747 EXPIRES. HE EXPECTS BOEING, HOWEVER, TO EXTEND OFFER, IF NECESSARY.  
SOHM

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